



**MARIES COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2002-04
January 14, 2002
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2002

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Maries, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Maries County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Maries county voters under provisions of Section 67.505, RSMo 2000. The county has collected \$64,810 of excess property tax revenues as of December 31, 2000.
- The county's Road and Bridge Fund has been financing the purchase of equipment at increasing amounts over the course of the past several years resulting in outstanding lease and loan balances of approximately \$768,000 at December 31, 2000. Due to two large balloon payments scheduled in 2003, it appears the county will need to expend approximately 60-70% of estimated fund revenues to make the required payments. In addition, the county does not maintain records documenting payments made and balances due on ten lease and loan agreements.
- In anticipation of the decline of the financial condition of the county, the County Commission submitted to the voters of Maries County a one-half of one percent sales tax levy for the purpose of general operations. This sales tax was approved by the voters in November 2001. With this additional general operations sales tax, the county is apparently imposing a levy of one-half of one percent above the statutory maximum allowed by Section 67.547 RSMo, 2000.

(over)

YELLOW SHEET

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1998 Maries County's Associate County Commissioners salaries were each increased approximately \$2,200 according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

- As a result of the county not updating its listing of fixed assets since 1996, the county did not ensure all equipment was covered by insurance and were unable to recover the market value totaling approximately \$30,000 for a tractor and brush cutter that was damaged by fire. In addition, at the time of the above loss the County Commission performed a review of its insurance coverage and discovered three other pieces of equipment valued at approximately \$227,000 had not been insured.

Also included in the audit are recommendations related to county expenditures and revenues, budgetary and financial reporting practices, county official's compensation and bonds, and property tax system and computer controls. The audit also suggested improvements in the procedures of the Sheriff, License office, Public Administrator, Prosecuting Attorney, County Clerk, and Associate Circuit Division.

All reports are available on our website: www.auditor.state.mo.us

MARIES COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS

To the County Commission
and
Officeholders of Maries County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Maries County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 18, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Maries County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

September 18, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

| | |
|---------------------|----------------------------------|
| Director of Audits: | Thomas J. Kremer, CPA |
| Audit Manager: | Pamela A. Crawford, CPA |
| In-Charge Auditor: | Patrick T. Devine, CPA |
| Audit Staff: | Mark Rodabaugh Nicolai Prasol |



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Maries County, Missouri

We have audited the special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 18, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Maries County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as finding number 00-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Maries County, Missouri, we considered the county's internal control over financial

reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings as finding number 00-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness. We also noted other matters involving internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Maries County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

September 18, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

MARIES COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2000

| Fund | Cash, January 1 | Receipts | Disbursements | Cash, December 31 |
|-------------------------------------|--------------------|-----------|---------------|----------------------|
| General Revenue | \$ 92,563 | 1,014,926 | 1,025,100 | 82,389 |
| Special Road and Bridge | 73,447 | 781,567 | 812,979 | 42,035 |
| Assessment | (21) | 94,535 | 94,262 | 252 |
| Law Enforcement Training | 6,404 | 3,831 | 2,893 | 7,342 |
| Prosecuting Attorney Training | 207 | 495 | 483 | 219 |
| Prosecuting Attorney Bad Check | 3,612 | 9,063 | 5,963 | 6,712 |
| Children's Trust | 234 | 336 | 0 | 570 |
| Recorder's Record Storage | 29,025 | 6,136 | 11,610 | 23,551 |
| 911 | 45,443 | 75,267 | 71,042 | 49,668 |
| Courthouse Renovation | 667 | 216,666 | 180,453 | 36,880 |
| Sheriff's Special | 2,257 | 11,261 | 5,527 | 7,991 |
| Law Enforcement | 234 | 28,433 | 28,420 | 247 |
| Maries County Law Enforcement | 678 | 53 | 0 | 731 |
| Election Service | 0 | 1,030 | 0 | 1,030 |
| Law Library | 648 | 5,598 | 6,132 | 114 |
| Family Court | 2,223 | 75 | 0 | 2,298 |
| Circuit Clerk Interest | 4,021 | 459 | 20 | 4,460 |
| Associate Circuit Division Interest | 27 | 37 | 5 | 59 |
| Total | \$ 261,669 | 2,249,768 | 2,244,889 | 266,548 |

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MARIES COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1999

| Fund | Cash, January 1 | Receipts | Disbursements | Cash, December 31 |
|-------------------------------------|--------------------|-----------|---------------|----------------------|
| General Revenue | \$ 68,339 | 875,251 | 851,027 | 92,563 |
| Special Road and Bridge | 67,257 | 822,556 | 816,366 | 73,447 |
| Assessment | 10,827 | 79,846 | 90,694 | (21) |
| Law Enforcement Training | 4,363 | 4,428 | 2,387 | 6,404 |
| Prosecuting Attorney Training | 364 | 554 | 711 | 207 |
| Prosecuting Attorney Bad Check | 47 | 5,942 | 2,377 | 3,612 |
| Children's Trust | 1,022 | 412 | 1,200 | 234 |
| Recorder's Record Storage | 23,293 | 5,732 | 0 | 29,025 |
| 911 | 56,591 | 63,668 | 74,816 | 45,443 |
| Courthouse Renovation | 854 | 212,319 | 212,506 | 667 |
| Sheriff's Special | 0 | 7,004 | 4,747 | 2,257 |
| Law Enforcement | 224 | 10 | 0 | 234 |
| Maries County Law Enforcement | 247 | 1,173 | 742 | 678 |
| Water District Block Grant | 0 | 19,969 | 19,969 | 0 |
| Law Library | 272 | 4,754 | 4,378 | 648 |
| Family Court | 2,150 | 73 | 0 | 2,223 |
| Circuit Clerk Interest | 3,726 | 295 | 0 | 4,021 |
| Associate Circuit Division Interest | 20 | 41 | 34 | 27 |
| Total | \$ 239,596 | 2,104,027 | 2,081,954 | 261,669 |

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MARIES COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

| | Year Ended December 31, | | | | | |
|--------------------------------------|-------------------------|-----------|----------------------------------|-----------|-----------|----------------------------------|
| | 2000 | | | 1999 | | |
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| TOTALS - VARIOUS FUNDS | | | | | | |
| RECEIPTS | \$ 2,117,908 | 2,214,083 | 96,175 | 1,950,436 | 2,078,895 | 128,459 |
| DISBURSEMENTS | 2,296,675 | 2,210,312 | 86,363 | 1,840,797 | 2,057,573 | (216,776) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (178,767) | 3,771 | 182,538 | 109,639 | 21,322 | (88,317) |
| CASH, JANUARY 1 | 253,838 | 253,838 | 0 | 233,428 | 233,428 | 0 |
| CASH, DECEMBER 31 | 75,071 | 257,609 | 182,538 | 343,067 | 254,750 | (88,317) |
| GENERAL REVENUE FUND | | | | | | |
| RECEIPTS | | | | | | |
| Property taxes | 250,650 | 251,846 | 1,196 | 226,733 | 237,482 | 10,749 |
| Sales and use taxes | 396,700 | 432,846 | 36,146 | 355,000 | 380,764 | 25,764 |
| Intergovernmental | 46,435 | 36,084 | (10,351) | 26,775 | 31,768 | 4,993 |
| Charges for services | 148,750 | 145,103 | (3,647) | 130,513 | 141,925 | 11,412 |
| Interest | 5,500 | 6,733 | 1,233 | 7,000 | 5,404 | (1,596) |
| Loan proceeds | 0 | 50,000 | 50,000 | 0 | 0 | 0 |
| Other | 40,231 | 42,814 | 2,583 | 20,772 | 27,019 | 6,247 |
| Transfers in | 50,500 | 49,500 | (1,000) | 84,203 | 50,889 | (33,314) |
| Total Receipts | 938,766 | 1,014,926 | 76,160 | 850,996 | 875,251 | 24,255 |
| DISBURSEMENTS | | | | | | |
| County Commission | 55,179 | 55,039 | 140 | 53,688 | 53,590 | 98 |
| County Clerk | 49,762 | 48,875 | 887 | 46,299 | 50,331 | (4,032) |
| Elections | 50,985 | 48,478 | 2,507 | 13,390 | 11,107 | 2,283 |
| Buildings and grounds | 69,790 | 51,906 | 17,884 | 37,992 | 42,380 | (4,388) |
| Employee fringe benefits | 80,129 | 94,450 | (14,321) | 75,975 | 72,447 | 3,528 |
| County Treasurer | 23,891 | 23,683 | 208 | 22,229 | 22,596 | (367) |
| County Collector | 58,787 | 57,974 | 813 | 54,151 | 80,677 | (26,526) |
| Circuit Clerk and Ex Officio | | | | | | |
| Recorder of Deeds | 21,072 | 20,435 | 637 | 16,716 | 16,280 | 436 |
| Associate Circuit and Probate Courts | 12,610 | 8,764 | 3,846 | 9,181 | 8,163 | 1,018 |
| Court administration | 5,903 | 5,989 | (86) | 3,250 | 5,239 | (1,989) |
| Public Administrator | 7,754 | 9,010 | (1,256) | 5,575 | 4,927 | 648 |
| Sheriff | 238,017 | 237,897 | 120 | 170,101 | 159,538 | 10,563 |
| Jail | 120,750 | 119,642 | 1,108 | 103,848 | 99,040 | 4,808 |
| Prosecuting Attorney | 51,811 | 51,134 | 677 | 49,815 | 49,935 | (120) |
| Juvenile Officer | 20,761 | 20,761 | 0 | 29,141 | 18,881 | 10,260 |
| County Coroner | 10,063 | 9,566 | 497 | 11,145 | 7,894 | 3,251 |
| License Office | 23,749 | 23,728 | 21 | 27,414 | 22,955 | 4,459 |
| Public health and welfare services | 8,900 | 6,424 | 2,476 | 7,000 | 6,811 | 189 |
| University extension | 20,000 | 20,004 | (4) | 19,500 | 19,500 | 0 |
| Insurance | 31,000 | 32,612 | (1,612) | 20,869 | 30,392 | (9,523) |
| Other | 60,074 | 51,251 | 8,823 | 29,034 | 65,161 | (36,127) |
| Transfers out | 23,300 | 27,478 | (4,178) | 13,542 | 3,183 | 10,359 |
| Emergency Fund | 27,046 | 0 | 27,046 | 25,530 | 0 | 25,530 |
| Total Disbursements | 1,071,333 | 1,025,100 | 46,233 | 845,385 | 851,027 | (5,642) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (132,567) | (10,174) | 122,393 | 5,611 | 24,224 | 18,613 |
| CASH, JANUARY 1 | 92,563 | 92,563 | 0 | 68,339 | 68,339 | 0 |
| CASH, DECEMBER 31 | (40,004) | 82,389 | 122,393 | 73,950 | 92,563 | 18,613 |

Exhibit B

MARIES COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

| | Year Ended December 31, | | | | | |
|--|-------------------------|-----------------|----------------------------------|-----------------|-----------------|----------------------------------|
| | 2000 | | | 1999 | | |
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| <u>SPECIAL ROAD AND BRIDGE FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Property taxes | 150,100 | 155,108 | 5,008 | 141,469 | 151,490 | 10,021 |
| Sales taxes | 75,000 | 71,862 | (3,138) | 61,000 | 69,606 | 8,606 |
| Intergovernmental | 434,600 | 434,879 | 279 | 434,450 | 433,013 | (1,437) |
| Interest | 3,000 | 2,931 | (69) | 3,600 | 3,459 | (141) |
| Lease proceeds | 100,000 | 100,000 | 0 | 0 | 135,000 | 135,000 |
| Other | 12,050 | 16,787 | 4,737 | 29,800 | 29,988 | 188 |
| Total Receipts | 774,750 | 781,567 | 6,817 | 670,319 | 822,556 | 152,237 |
| DISBURSEMENTS | | | | | | |
| Salaries | 202,960 | 198,723 | 4,237 | 210,000 | 191,129 | 18,871 |
| Employee fringe benefits | 37,878 | 44,354 | (6,476) | 39,890 | 34,050 | 5,840 |
| Supplies | 139,000 | 118,432 | 20,568 | 95,000 | 100,343 | (5,343) |
| Insurance | 0 | 0 | 0 | 4,000 | 15 | 3,985 |
| Road and bridge materials | 97,500 | 94,735 | 2,765 | 86,000 | 97,654 | (11,654) |
| Equipment repairs | 17,500 | 31,580 | (14,080) | 26,500 | 25,782 | 718 |
| Equipment purchases | 158,181 | 139,342 | 18,839 | 63,850 | 122,865 | (59,015) |
| Construction, repair, and maintenance | 7,500 | 11,821 | (4,321) | 5,000 | 7,010 | (2,010) |
| Lease payments | 116,084 | 142,297 | (26,213) | 121,334 | 203,708 | (82,374) |
| Other | 21,825 | 12,695 | 9,130 | 27,422 | 13,810 | 13,612 |
| Transfers out | 19,000 | 19,000 | 0 | 20,000 | 20,000 | 0 |
| Total Disbursements | 817,428 | 812,979 | 4,449 | 698,996 | 816,366 | (117,370) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (42,678) | (31,412) | 11,266 | (28,677) | 6,190 | 34,867 |
| CASH, JANUARY 1 | 73,447 | 73,447 | 0 | 67,257 | 67,257 | 0 |
| CASH, DECEMBER 31 | 30,769 | 42,035 | 11,266 | 38,580 | 73,447 | 34,867 |
| <u>ASSESSMENT FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Intergovernmental | 78,420 | 69,761 | (8,659) | 72,470 | 78,420 | 5,950 |
| Charges for services | 540 | 1,136 | 596 | 0 | 545 | 545 |
| Interest | 752 | 281 | (471) | 200 | 796 | 596 |
| Other | 85 | 57 | (28) | 370 | 85 | (285) |
| Transfers in | 23,300 | 23,300 | 0 | 13,542 | 0 | (13,542) |
| Total Receipts | 103,097 | 94,535 | (8,562) | 86,582 | 79,846 | (6,736) |
| DISBURSEMENTS | | | | | | |
| Assessor | 101,488 | 94,262 | 7,226 | 97,409 | 90,694 | 6,715 |
| Total Disbursements | 101,488 | 94,262 | 7,226 | 97,409 | 90,694 | 6,715 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 1,609 | 273 | (1,336) | (10,827) | (10,848) | (21) |
| CASH, JANUARY 1 | (21) | (21) | 0 | 10,827 | 10,827 | 0 |
| CASH, DECEMBER 31 | 1,588 | 252 | (1,336) | 0 | (21) | (21) |

Exhibit B

MARIES COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

| | Year Ended December 31, | | | | | |
|---|-------------------------|--------|----------------------------------|--------|--------|----------------------------------|
| | 2000 | | | 1999 | | |
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| <u>LAW ENFORCEMENT TRAINING FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Intergovernmental | 1,200 | 897 | (303) | 740 | 1,252 | 512 |
| Charges for services | 2,900 | 2,619 | (281) | 2,500 | 2,962 | 462 |
| Interest | 150 | 315 | 165 | 150 | 214 | 64 |
| Total Receipts | 4,250 | 3,831 | (419) | 3,390 | 4,428 | 1,038 |
| DISBURSEMENTS | | | | | | |
| Sheriff | 4,000 | 2,893 | 1,107 | 3,750 | 2,387 | 1,363 |
| Total Disbursements | 4,000 | 2,893 | 1,107 | 3,750 | 2,387 | 1,363 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 250 | 938 | 688 | (360) | 2,041 | 2,401 |
| CASH, JANUARY 1 | 6,404 | 6,404 | 0 | 4,363 | 4,363 | 0 |
| CASH, DECEMBER 31 | 6,654 | 7,342 | 688 | 4,003 | 6,404 | 2,401 |
| <u>PROSECUTING ATTORNEY TRAINING FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for services | 545 | 483 | (62) | 500 | 545 | 45 |
| Interest | 0 | 12 | 12 | 10 | 9 | (1) |
| Total Receipts | 545 | 495 | (50) | 510 | 554 | 44 |
| DISBURSEMENTS | | | | | | |
| Prosecuting Attorney | 545 | 483 | 62 | 495 | 711 | (216) |
| Total Disbursements | 545 | 483 | 62 | 495 | 711 | (216) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 0 | 12 | 12 | 15 | (157) | (172) |
| CASH, JANUARY 1 | 207 | 207 | 0 | 364 | 364 | 0 |
| CASH, DECEMBER 31 | 207 | 219 | 12 | 379 | 207 | (172) |
| <u>PROSECUTING ATTORNEY BAD CHECK FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Intergovernmental | 0 | 4,378 | 4,378 | 0 | 0 | 0 |
| Charges for services | 5,500 | 4,464 | (1,036) | 5,000 | 5,889 | 889 |
| Interest | 0 | 221 | 221 | 500 | 53 | (447) |
| Total Receipts | 5,500 | 9,063 | 3,563 | 5,500 | 5,942 | 442 |
| DISBURSEMENTS | | | | | | |
| Prosecuting Attorney | 7,115 | 5,963 | 1,152 | 5,500 | 2,377 | 3,123 |
| Total Disbursements | 7,115 | 5,963 | 1,152 | 5,500 | 2,377 | 3,123 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (1,615) | 3,100 | 4,715 | 0 | 3,565 | 3,565 |
| CASH, JANUARY 1 | 3,612 | 3,612 | 0 | 47 | 47 | 0 |
| CASH, DECEMBER 31 | 1,997 | 6,712 | 4,715 | 47 | 3,612 | 3,565 |

Exhibit B

MARIES COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

| | Year Ended December 31, | | | | | |
|--|-------------------------|---------|----------------------------------|----------|----------|----------------------------------|
| | 2000 | | | 1999 | | |
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| <u>CHILDREN'S TRUST FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for services | 400 | 320 | (80) | 300 | 375 | 75 |
| Interest | 0 | 16 | 16 | 30 | 37 | 7 |
| Total Receipts | 400 | 336 | (64) | 330 | 412 | 82 |
| DISBURSEMENTS | | | | | | |
| Domestic violence shelters | 400 | 0 | 400 | 500 | 1,200 | (700) |
| Total Disbursements | 400 | 0 | 400 | 500 | 1,200 | (700) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 0 | 336 | 336 | (170) | (788) | (618) |
| CASH, JANUARY 1 | 234 | 234 | 0 | 1,022 | 1,022 | 0 |
| CASH, DECEMBER 31 | 234 | 570 | 336 | 852 | 234 | (618) |
| <u>RECORDER'S RECORD STORAGE FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for services | 4,600 | 4,837 | 237 | 4,500 | 4,606 | 106 |
| Interest | 900 | 1,299 | 399 | 750 | 1,126 | 376 |
| Total Receipts | 5,500 | 6,136 | 636 | 5,250 | 5,732 | 482 |
| DISBURSEMENTS | | | | | | |
| Ex Officio Recorder of Deeds | 0 | 11,610 | (11,610) | 200 | 0 | 200 |
| Total Disbursements | 0 | 11,610 | (11,610) | 200 | 0 | 200 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 5,500 | (5,474) | (10,974) | 5,050 | 5,732 | 682 |
| CASH, JANUARY 1 | 29,025 | 29,025 | 0 | 23,293 | 23,293 | 0 |
| CASH, DECEMBER 31 | 34,525 | 23,551 | (10,974) | 28,343 | 29,025 | 682 |
| <u>911 FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for services | 61,000 | 72,420 | 11,420 | 60,000 | 60,890 | 890 |
| Interest | 2,500 | 2,847 | 347 | 1,500 | 2,778 | 1,278 |
| Total Receipts | 63,500 | 75,267 | 11,767 | 61,500 | 63,668 | 2,168 |
| DISBURSEMENTS | | | | | | |
| Salaries | 9,000 | 12,219 | (3,219) | 7,500 | 10,256 | (2,756) |
| Office expenditures | 2,000 | 5,200 | (3,200) | 2,000 | 3,556 | (1,556) |
| Equipment | 29,000 | 18,274 | 10,726 | 34,000 | 25,920 | 8,080 |
| Mileage and training | 300 | 0 | 300 | 300 | 0 | 300 |
| Other | 2,000 | 4,849 | (2,849) | 1,000 | 4,195 | (3,195) |
| Transfers out | 30,466 | 30,500 | (34) | 41,000 | 30,889 | 10,111 |
| Total Disbursements | 72,766 | 71,042 | 1,724 | 85,800 | 74,816 | 10,984 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (9,266) | 4,225 | 13,491 | (24,300) | (11,148) | 13,152 |
| CASH, JANUARY 1 | 45,443 | 45,443 | 0 | 56,591 | 56,591 | 0 |
| CASH, DECEMBER 31 | 36,177 | 49,668 | 13,491 | 32,291 | 45,443 | 13,152 |

Exhibit B

MARIES COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

| | Year Ended December 31, | | | | | |
|--|-------------------------|---------|----------------------------------|---------|---------|----------------------------------|
| | 2000 | | | 1999 | | |
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| <u>COURTHOUSE RENOVATION FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Sales taxes | 215,000 | 215,427 | 427 | 200,000 | 211,463 | 11,463 |
| Interest | 0 | 579 | 579 | 50 | 856 | 806 |
| Lease proceeds | 0 | 0 | 0 | 60,000 | 0 | (60,000) |
| Other | 0 | 660 | 660 | | 0 | |
| Total Receipts | 215,000 | 216,666 | 1,666 | 260,050 | 212,319 | (47,731) |
| DISBURSEMENTS | | | | | | |
| Engineering | 13,000 | 14,983 | (1,983) | 7,000 | 0 | 7,000 |
| Construction | 8,000 | 0 | 8,000 | 45,600 | 71,056 | (25,456) |
| Lease payments | 185,000 | 146,491 | 38,509 | 0 | 119,085 | (119,085) |
| Interest payments | 9,000 | 15,509 | (6,509) | 16,000 | 13,915 | 2,085 |
| Other | 0 | 3,470 | (3,470) | 28,000 | 8,450 | 19,550 |
| Total Disbursements | 215,000 | 180,453 | 34,547 | 96,600 | 212,506 | (115,906) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 0 | 36,213 | 36,213 | 163,450 | (187) | (163,637) |
| CASH, JANUARY 1 | 667 | 667 | 0 | 854 | 854 | 0 |
| CASH, DECEMBER 31 | 667 | 36,880 | 36,213 | 164,304 | 667 | (163,637) |
| <u>SHERIFF'S SPECIAL FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for services | 6,500 | 10,968 | 4,468 | 6,000 | 6,889 | 889 |
| Interest | 100 | 293 | 193 | 0 | 115 | 115 |
| Total Receipts | 6,600 | 11,261 | 4,661 | 6,000 | 7,004 | 1,004 |
| DISBURSEMENTS | | | | | | |
| Sheriff | 6,600 | 5,527 | 1,073 | 5,915 | 4,747 | 1,168 |
| Total Disbursements | 6,600 | 5,527 | 1,073 | 5,915 | 4,747 | 1,168 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 0 | 5,734 | 5,734 | 85 | 2,257 | 2,172 |
| CASH, JANUARY 1 | 2,257 | 2,257 | 0 | 0 | 0 | 0 |
| CASH, DECEMBER 31 | 2,257 | 7,991 | 5,734 | 85 | 2,257 | 2,172 |
| <u>LAW ENFORCEMENT FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Interest | | | | 9 | 10 | 1 |
| Total Receipts | | | | 9 | 10 | 1 |
| DISBURSEMENTS | | | | | | |
| Sheriff | | | | 0 | 0 | 0 |
| Total Disbursements | | | | 0 | 0 | 0 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | | | | 9 | 10 | 1 |
| CASH, JANUARY 1 | | | | 224 | 224 | 0 |
| CASH, DECEMBER 31 | | | | 233 | 234 | 1 |

Exhibit B

MARIES COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

| | Year Ended December 31, | | | | | |
|--|-------------------------|--------|--|------------|--------------|--|
| | 2000 | | | 1999 | | |
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| <u>MARIES COUNTY LAW ENFORCEMENT FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for services | | | | 0 | 1,160 | 1,160 |
| Interest | | | | 0 | 13 | 13 |
| Total Receipts | | | | <u>0</u> | <u>1,173</u> | <u>1,173</u> |
| DISBURSEMENTS | | | | | | |
| Sheriff | | | | 247 | 742 | (495) |
| Total Disbursements | | | | <u>247</u> | <u>742</u> | <u>(495)</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | | | | (247) | 431 | 678 |
| CASH, JANUARY 1 | | | | 247 | 247 | 0 |
| CASH, DECEMBER 31 | | | | <u>0</u> | <u>678</u> | <u>678</u> |

The Accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MARIES COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, or an elected official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

| <u>Fund</u> | <u>Years Ended December 31,</u> |
|---|---------------------------------|
| Law Enforcement Fund | 2000 |
| Maries County Law Enforcement Fund | 2000 |
| Election Service Fund | 2000 |
| Water District Block Grant Fund | 1999 |
| Law Library Fund | 2000 and 1999 |
| Family Court Fund | 2000 and 1999 |
| Circuit Clerk Interest Fund | 2000 and 1999 |
| Associate Circuit Division Interest Fund | 2000 and 1999 |

Warrants issued were in excess of budgeted amounts for the following funds:

| <u>Fund</u> | <u>Years Ended December 31,</u> |
|------------------------------------|---------------------------------|
| General Revenue Fund | 1999 |
| Special Road and Bridge Fund | 1999 |
| Prosecuting Attorney Training Fund | 1999 |
| Children's Trust Fund | 1999 |
| Recorder's Record Storage Fund | 2000 |
| Courthouse Renovation Fund | 1999 |
| Maries County Law Enforcement Fund | 1999 |

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the General Revenue Fund for the year ended December 31, 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

| <u>Fund</u> | <u>Years Ended December 31,</u> |
|--|---------------------------------|
| Water District Block Grant Fund | 1999 |
| Law Library Fund | 2000 and 1999 |
| Family Court Fund | 2000 and 1999 |
| Circuit Clerk Interest Fund | 2000 and 1999 |
| Associate Circuit Division Interest Fund | 2000 and 1999 |

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Property Taxes

Through December 31, 2000, Maries County collected \$64,810 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Maries County voters enacted a 1/2 cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

Schedule

MARIES COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2000 AND 1999

This schedule includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

00-1. Property Tax Reduction Due to Sales Tax

The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Maries County voters under provisions of Section 67.505, RSMo 2000.

Following are the calculations used in determining excess property tax revenues collected for the two years ended December 31, 2000:

| | Year Ended December 31, | |
|---|-------------------------|----------------------|
| | 2000 | 1999 |
| Actual Sales Tax Revenues | \$ 215,285 | 197,308 |
| Required percentage of revenue reduction | X <u>50</u> % | <u>50</u> % |
| Required property tax revenue reduction | <u>107,643</u> | <u>98,654</u> |
| | | |
| Assessed Valuation | 76,216,159 | 72,659,802 |
| General Revenue Fund tax levy reduction (per \$100 assessed valuation) | X <u>0.15</u> | <u>0.13</u> |
| Actual property tax revenue reduction | <u>114,324</u> | <u>94,458</u> |
| | | |
| Excess property tax revenues collected | (6,681) | 4,196 |
| Excess property tax revenues collected for prior years | <u>71,491</u> | <u>67,295</u> |
| Excess through December 31, | \$ <u><u>64,810</u></u> | <u><u>71,491</u></u> |

While the rollback for 1999 was insufficient as compared to that year's sales tax collections, the rollback for 2000 was sufficient for that year and also resulted in some reduction in the balance of prior years' excess property tax revenue collections. Additional reductions will need to be made in future years to offset the balance of prior years excess property tax revenues collections. Based on assessed valuation and sales tax revenue for the first six months of 2001, and to account for prior years' excess property tax revenues collected, the County Commission should have reduced the General Revenue Fund tax levy in 2001 by 21.36 cents. The County Commission only reduced the levy in 2001 by 15 cents which would reduce the estimated balance of the prior years' excess property tax revenue collections to approximately \$50,000 at December 31, 2001.

This condition was noted in our prior three reports.

WE RECOMMEND the County Commission continue to reduce the property tax levy adequately to meet the sales tax reduction requirements and ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

AUDITEE'S RESPONSE

The County Commission plans to continue to gradually decrease the General Revenue Fund's property tax levy. In addition, Maries County unintentionally rolled back the Road Districts 1 and 2 levies in 1996, therefore, shorting the Road District #1 of \$14,140 and Road District #2 of \$15,731, for a total of \$29,871. The County Commission plans to credit this overage against the above balance when they set the levies in August 2002.

00-2. Road and Bridge Capitalized Lease Obligations

- A. The county's Special Road and Bridge Fund has been financing the purchases of equipment such as loaders, brush cutters, dump trucks, and road graders at increasing amounts over the course of the past several years. The following shows the balance of these lease and loan agreements:

| Year ended December 31, | Outstanding lease and loan balances |
|------------------------------------|--|
| 1994 | \$263,063 |
| 1996 | \$580,351 |
| 1998 | \$703,207 |
| 2000 | \$768,318 |

The County Commission indicated that it is more cost effective to periodically trade road and bridge equipment in on new equipment to save on labor and repair costs. However, the County Commission has not prepared a formal cost/benefit analysis comparing the labor and repair costs saved to the cost of interest incurred by refinancing this equipment.

The increased debt has translated into increased annual principal and interest payments. The following shows the annual principal and interest payments during the two years ending December 31, 2000 and required future payments through the year ending December 31, 2003:

| Year ended December 31, | Total principal And interest |
|----------------------------|---------------------------------|
| 1999 | \$203,708 |
| 2000 | \$142,297 |
| 2001 | \$161,662 |
| 2002 | \$162,569 |
| 2003 | \$480,668 |

Historically, the Special Road and Bridge Fund has made lease and loan payments of approximately 20% of total fund revenues; however, due to two large balloon payments scheduled in 2003 the county will need to expend approximately 60-70% of estimated revenues to make the above required payments. The County Commission indicated that this debt will either be refinanced or the related equipment will be used as trade-ins towards the purchase of new equipment in 2003. The County Commission needs to address this issue currently rather than deferring the increased principal and interest payments to the future. Additionally, the County Commission should evaluate the significant costs related to the purchase of new equipment and the inability to recoup the significant amount of depreciation that is lost during the first few years of ownership. The county needs to carefully review this trend of increased borrowing and monitor the ability of this fund to meet debt obligations.

- B. The county does not maintain records documenting payments made and balances due on ten lease and loan agreements. The county often made early principal and interest payments and was unable to document balances due on these leases. The county relies on the bank to provide these records. Due to the large amount of leases the county maintains, these records are necessary to ensure the County Commission is informed of the financial condition of the Special Road and Bridge Fund and to assist the County Commission in planning for upcoming expenditures.

WE RECOMMEND the County Commission:

- A. Carefully review this trend of increased borrowing and monitor the ability of this fund to meet debt obligations. The County Commission should perform a cost benefit analysis of repair cost saved in comparison to the cost of interest incurred by refinancing. In addition, the County Commission should evaluate the significant costs related to the purchase of new equipment and the inability to recoup the significant amount of depreciation that is lost during the first few years of ownership.
- B. Maintain records documenting the lease and loan payments made and balances due.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We have been watching the principal and interest payments very closely. At the beginning of 2001, the county owned approximately \$1.5 million of road and bridge equipment and*

property based on fair market value and had \$750,000 or 50% of equity in this equipment and property . We only had \$441,682 or 37% equity in the leased and loaned equipment reported above which was valued at a fair market value \$1,210,000. We believe that the action we have taken is in the best long term interest of the county. We will retain documentation of the costs/benefits of future equipment purchases.

B. We will implement this in January 2002.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MARIES COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Maries County, Missouri, on the applicable findings in our prior audit report issued for the two years ended December 31, 1998.

98-1. Property Tax Reduction Due to Sales Tax

The county did not sufficiently reduce its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Maries County voters under the provisions of Section 67.505, RSMo 1994.

Recommendation:

The County Commission continue to reduce the property tax levy adequately to meet sales tax reduction requirements and ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

Status:

Partially implemented. The county's rollback for 2000 was sufficient for that year and also resulted in some reduction in the balance of prior years' excess property tax revenue collections. See finding number 00-1.

98-2. Courthouse Renovation Project

Most of the change orders in the county's files were not signed by the county or the contractor and the work related to several change orders was completed before the change order was prepared and authorized. Two change orders were necessary due to errors or omissions in the original work specifications. In addition, the county's overall documentation related to the project change orders was not adequate.

Recommendation:

The County Commission ensure work specifications are complete and accurate and ensure change orders are prepared, signed and approved by both parties prior to the initiation of the related work.

Status:

Implemented. Change orders were properly handled through completion of this project in 1999. The county has not planned any future construction projects.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MARIES COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 18, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Maries County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**County Expenditures and Revenues**

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases. The county apparently only bids major equipment and vehicle purchases. Recurring regular business purchases and unusual or used items were not bid as follows:

| <u>Item purchased</u> | <u>Cost</u> |
|---|-------------|
| Diesel fuel (total paid for two years) | \$ 99,660 |
| Gravel (total paid for two years) | 81,587 |
| Computer hardware and software | 55,653 |
| Concrete (total paid for two years) | 23,897 |
| Property insurance (total paid for two years) | 19,975 |
| Used tractor/loader | 8,275 |
| Metal culverts | 6,610 |
| Steel pipe | 5,582 |
| Railroad tank car shell (culvert) | 4,550 |

Section 50.660, RSMO 2000 requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. The county did not obtain or retain supporting documentation for some travel related expenditures. For example, the county prepaid the Sheriff's hotel bill for a training conference with out obtaining supporting documentation. At our request, the Sheriff obtained a copy of the hotel bill from the vendor which indicated \$59 was returned to the county; however, the sheriff nor the county had received the balance due. The

county contacted this vendor and subsequently received the refund. All expenditures should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure purchases are valid and necessary expenditures of county funds.

- C. Invoices are not always noted as paid or otherwise canceled upon payment. The possibility that an invoice will be paid twice is increased when invoices are not properly canceled.
- D. In November 1994, county voters approved a telephone tax to fund a 911 system. In May 1995, the county entered into a contract with an individual to coordinate the 911 effort and do rural addressing in the county. The contract provided that the county would pay the individual \$200 per month for May, June, and July 1995 and \$500 per month, beginning September 1, 1995, and until December 31, 1996 when all work was to be completed.

The work was not completed until March of 2001, and the county continued to pay this individual \$500 per month without an amended contract. While the County Commission periodically met with this individual, the county did not receive or maintain any documentation of actual services rendered or time spent each month to determine whether the amount paid was reasonable compared to the services rendered. The County Commission indicated delays in completion of the project were largely due to one telephone communications company's uncooperativeness. It appears that the county paid this individual approximately \$25,000 in excess of original contracted amount and extended the project over four years of the original completion date without requiring documentation of actual services rendered. Close monitoring of contracts and detailed documentation of services provided is necessary to demonstrate and ensure compliance with contract terms and evaluate the reasonableness of payments are compared to services rendered.

- E. During the two years ended December 31, 2000, the county requested reimbursements of \$2,703 in direct federal financial assistance. The Drug-Free Workplace Act requires recipients, as a condition of receiving direct federal funds, to certify that they will provide a drug-free workplace.

Although the county's personnel manual has a general policy statement prohibiting bringing drugs to the workplace or using them while on duty, the policy does not include specific statements about the actions that will be taken against violators. In addition, there was no evidence that an ongoing awareness program exists. The county should develop a drug-free workplace policy and an awareness program in compliance with federal requirements.

- F. The county did not receive 911 surcharge fees due from a telecommunications company in March of 1999 totaling \$2,552. At our request, the County Treasurer contacted the telecommunications company and determined that this check had been lost. A check was reissued to the county on September 25, 2001. To ensure all receipts are collected, the County Treasurer should monitor receipts received for recurring amounts due.

Conditions similar to Parts A, C, D, and E. were noted in our prior reports.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Ensure adequate documentation is received and maintained to support all expenditures.
- C. Ensure invoices are properly cancelled upon payment.
- D. Require detailed documentation of the services provided to ensure payments are reasonable. In the future, the county needs to develop contracts which clearly specifies the services to be provided to the county in exchange for compensation.
- E. Establish a written drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act.
- F. And the County Treasurer monitor receipts received to ensure recurring amounts due are collected.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A&B. These will be implemented as of January 2002.

C. This has been implemented.

D. It was a bigger job than planned, and the individual hired did not realize the extensive size of the project. We believe this individual did a good job for the county. Compared to surrounding counties, we believe this money was well spent.

E. We will update the personnel policy by June 2002.

The County Treasurer provided the following response:

F. I will immediately ensure recurring receipts are received.

| |
|--|
| 2. County's Financial Condition and Sales Tax |
|--|

Although the General Revenue Fund cash balances as of December 31, 2000 and 1999 were \$82,389 and 92,563, respectively, the 2001 budget reflected an anticipated decline in the cash balance of approximately \$77,000 resulting in an estimated ending cash balance of approximately \$5,400 at December 31, 2001. At October 31, 2001 the cash balance was \$14,332.

In anticipation of the fund's declining financial condition, the County Commission submitted to the voters of Maries County a one-half of one percent sales tax for the purpose of general operations. This sales tax was approved by the voters in November 2001. Although the ballot did not specify a statutory reference, the County Clerk indicated that this sales tax was imposed under Section 67.547, RSMo 2000. However, the county has another one-half of one percent sales tax levy that was passed in April 1990 under this same law. The ballot for that sales tax indicated its purpose as funding general operations, road and bridge and law enforcement services.

With this additional general operations sales tax, the county is apparently imposing a levy of one-half of one percent above the statutory maximum allowed by Section 67.547. Furthermore, Attorney General's Opinion No. 61-89 states that a county cannot enact a sales tax that exceeds one half of one percent under Section 67.547, RSMo. The county needs to review the various sales taxes being imposed to determine which are valid. While the County Commission has tried to improve the financial condition of the county by imposing this sales tax, it may need to eliminate one of these sales taxes, consider passing a sales tax under another Section of RSMo, and/or not authorize the Department of Revenue to begin collecting the additional sales tax increase that was approved by the voters in November 2001. In addition, the County Commission should closely monitor the financial condition of the General Revenue Fund by reviewing disbursements and reducing discretionary amounts as much as possible.

WE RECOMMEND the County Commission review the overall sales taxes being levied and ensure they are in accordance with state statutes. In addition, the County Commission should consider passing a sales tax under another Section of RSMo. and closely monitor the financial condition of the General Revenue Fund.

AUDITEE'S RESPONSE

The County Commission provided the following response:

In the best interest of Maries County, the sales tax will be distributed as it was presented to the voters on the November 6, 2001 ballot. The voters passed this tax by an overwhelming margin. The Statute number was not printed on the ballot. The 1990 sales tax has been and will continue to be distributed as it was presented to the voters.

3. Budgets and Financial Reporting

A. Actual expenditures exceeded budgeted amounts in the following funds:

| <u>Fund</u> | <u>Year Ended December 31,</u> | |
|-------------------------------|--------------------------------|-------------|
| | <u>2000</u> | <u>1999</u> |
| General Revenue | \$ N/A | 5,642 |
| Special Road and Bridge | N/A | 117,370 |
| Prosecuting Attorney Training | N/A | 216 |
| Children's Trust | N/A | 700 |
| Recorder's Record Storage | 11,610 | N/A |
| Courthouse Renovation | N/A | 115,906 |
| Maries County Law Enforcement | N/A | 495 |

The county did not adequately monitor budgeted amounts to actual results during the year ended December 31, 1999. In addition, in late December 2000, the County Commission amended budgets for numerous county funds to reflect increased expenditures made during the year. Our review indicated the following concerns related to these budget amendments:

- 1) Public hearings were not held prior to the adoption of the budget amendments.
- 2) Prior to the amendment of these budgets, expenditures had already exceeded the original budget for several funds. For example, on December 21, 2000 an amendment was filed for the Special Road and Bridge Fund increasing expenditures by \$128,000; however, prior to amending the budget, expenditures had already exceeded the original budget by \$123,551.
- 3) Valid reasons which necessitated excess disbursements were not provided to support these amendments as required by law.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo.1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

It appears these amendments were made just to attempt to present a balanced budget in accordance with state law. It does not appear as if the budget was used as a monitoring tool throughout the year. To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures, valid reasons which necessitate excess disbursements should be provided to support amendments, and public hearings should be held prior to the adoption of all budget amendments.

- B. Formal budgets were not prepared for various county funds for the years ended December 31, 2000 and 1999. While most of these funds are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing and obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

- C. The county's annual published financial statements did not include the financial activity for some county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included. Section 50.800 and 50.810, RSMo 2000, require county financial statements to be prepared and published in a local newspaper and must show actual receipts or revenues, disbursements or expenditures and beginning and ending balances for each county fund.
- D. The 2000 General Revenue Fund budget was amended to allow for \$108,005 in additional costs associated with various elected officials offices. However, the budget was only amended for additional revenue sources totaling \$27,246 and did not include other available resources to offset the deficit budget balance. Since the estimated ending fund balance of the General Revenue Fund was only \$40,755, the County Commission approved a budget deficit of \$40,004 for the General Revenue Fund for the year ended December 31, 2000. Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting. Deficit budgeting must be avoided to ensure the county operates within its available means.

Conditions similar to Parts A-C. were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Implement procedures to ensure budgets are properly amended if necessary, expenditures are kept within budgetary limits, and ensure budget amendments are properly made prior to incurring the actual expenditures, ensure valid reasons which necessitate excess disbursements are provided, and public hearings are held prior to adopting budget amendments as required by state law
- B. Ensure budgets are obtained or prepared for all county funds.
- C. Ensure financial information as provided for by law is properly presented in the published financial statements for all county funds.
- D. Discontinue deficit budgeting.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *This will be done immediately.*
- B&C. *These will be done in 2002.*
- D. *We will not budget deficit balances in the future.*

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| 4. County Officials' Compensation and Bonds |
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- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1998 Maries County's Associate County Commissioners salaries were each increased approximately \$2,200 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,600 for the three years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- B. County officials received a two and a half percent cost of living adjustment (COLA) in both January 1999 and 2000. The Salary Commission met in October of 1997, and discussed COLA increases; however, the salary commission minutes did not clearly document the approval of the COLA. In addition, the Salary Commission approved an increase in elected officials' salaries by ten percent of the difference between the current salaries and the statutory maximum, effective for terms of office beginning in 1999. There was not adequate information in the salary commission minutes or written legal opinions from the Prosecuting Attorney to support these increases and the method used to calculate them. Future salary commission minutes should clearly document all decisions regarding salary issues.
- C. Various county employees who handle monies are not bonded. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.
- D. The entire cost of the County Treasurer's and County Collector's bonds were paid from the School Fines Fund. Section 54.160, RSMo 2000, provides for a portion of the County Treasurer's bond covering school monies be paid from the common school funds. The portion of the bond cost related to county funds was \$255 and should have been paid from the General Revenue Fund. Additionally, Section 52.020, RSMo 2000, provides for the \$818 cost of the County Collector's bond to be paid by the General Revenue Fund.

Conditions similar to Parts C and D. were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Ensure all salary commission minutes clearly document all decisions made and obtain written legal opinions from the Prosecuting Attorney to support their decisions.
- C. Acquire a bond for all county employees handling assets.
- D. Authorize the transfer of \$1,073 from the General Revenue Fund to the School Fines Fund and, in the future, pay the County Collector's bond and the county portion of the County Treasurer's bond from the General Revenue Fund.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We plan to wait to make a decision based on future court decisions.*
- B. In the future, the salary commission minutes will clearly document all decisions made, and legal opinions will be obtained from the Prosecuting Attorney.*
- C. We will look into obtaining a blanket bond in January 2002.*
- D. We believe that most monies collected are for the schools and that these bonds should be paid from the school funds.*

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| 5. Property Tax System and Computer Controls |
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- A. Controls over property tax additions and abatements are not adequate. The County Collector makes changes to the tax books after receiving information from the County Assessor for additions and abatements occurring throughout the month. The County Collector is responsible for preparing court orders for additions, abatements and supplements to be approved by the County Commission; however, there is no subsequent comparison of approved court-ordered additions and abatements to actual changes to the property tax data files or to amounts reflected on the County Collector's annual settlement.

The County Commission, in allowing the County Collector to make changes to the property tax books and also collect the taxes, is weakening controls over the collection of taxes by preventing proper segregation of duties from occurring. Furthermore, Section 137.260, RSMo 2000, requires that the tax book only be changed by the Clerk of the County Commission under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax data files.

- B. The Assessor's office does not always retain the original forms prepared to support the changes to the property tax data files for real estate additions, abatements, and supplements. To ensure the accuracy of the data being entered in to the property tax system, supporting documentation for all additions, abatements, and supplements should be retained.

- C. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. An account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited by the County Collector each year is complete and accurate and can be used by the County Commission to verify the County Collector's annual settlements.

This condition was noted in our prior report.

- D. The county clerk did not prepare the Land and Personal Tax Aggregate Abstract and the Railroad and Utility Aggregate Abstracts for 1999 and 2000. The Department of Revenue sent notices to the County Clerk indicating that these reports had not been filed with their office. Section 137.295, RSMo 2000, provides for the County Clerk to prepare these reports and forward them to the Department of Revenue and the State Tax Commission.
- E. The county has computer systems, which are utilized by the County Assessor, County Collector, County Treasurer, and the County Clerk. Passwords which restrict employee access to computer files are used by these offices; however, they are not changed periodically to prevent unauthorized access to computer files.

WE RECOMMEND the County Commission:

- A. Revise the addition/abatement process so that the County Collector does not have the capability to make changes to property tax data or ensure that independent comparisons of these changes to tax data files are performed along with a subsequent verification with the County Collector's annual settlement.
- B. Ensure the Assessor's office maintains supporting documentation of all real estate additions, abatements, and supplements.
- C. Ensure the County Clerk establishes and maintains an account book with the County Collector for the County Commission to use to verify the accuracy of the County Collectors' annual settlements.
- D. Ensure the County Clerk prepares and files the Land and Personal Tax Aggregate Abstract and the Railroad and Utility Aggregate Abstract with the Department of Revenue and State Tax Commission as required.
- E. Ensure the County Assessor, County Collector, County Treasurer, and County Clerks' offices passwords are changed periodically and remain confidential.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A&C. The County Clerk will implement these in March 2002.*
- B. This has been implemented by the Assessor's office with the new property tax system.*
- D. The County Clerk is currently updating these.*
- E. This will be implemented in January 2002.*

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| 6. General Fixed Assets |
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The County Commission or its designee is responsible for maintaining a complete detailed record of county property. Currently, the County Clerk maintains a computerized inventory listing of fixed assets held by county officials; however, the listing has not been updated for property acquired or disposed of since June 1996. As a result, the county did not ensure all equipment was covered by insurance and were unable to recover the market value totaling approximately \$30,000 for a tractor and brush cutter that was damaged by fire. In addition, at the time of the above loss the County Commission performed a review of their insurance coverage and discovered three other pieces of equipment valued at approximately \$227,000 had not been insured.

In addition, quarterly inspections of county owned land and buildings are not performed, and most fixed assets are not properly numbered, tagged, or otherwise identified as county owned property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section are to be signed by the County Clerk. Section 49.093, RSMo 2000, also provides for quarterly inspections by the County Commission of all land and buildings. In addition, property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

A similar condition was noted in the prior report.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. The County Commission should ensure adequate insurance coverage is obtained for all county assets. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed on all fixed assets immediately upon receipt.

AUDITEE'S RESPONSE

The County Commission believes this tractor and brush cutter was only worth \$25,000 at the time of the loss and believed that it was insured. However, the insurance company had another tractor and brush cutter listed. The county has purchased a new inventory program and plan to have it updated by June 2002. Quarterly inspections will be made starting in January 2002, and property tags will be purchased as soon as a reasonable vendor is found.

7.

Sheriff's Records and Procedures

The Sheriff's office is designated by the judge to collect the criminal fines and costs from the Associate Circuit Division. The Sheriff's office also handles various receipts including fees for serving court documents, gun permit fees, jail board bills, and bond monies. During the year ended December 31, 2000, the Sheriff's office collected and deposited fines and costs, bonds, jail bills, fees, and other miscellaneous receipts totaling approximately \$174,000. Our review noted the following concerns:

- A. The Sheriff's office maintains two bank accounts where balances were held at December 31, 2000. Monthly listings of open items (liabilities) are prepared by the Sheriff's bookkeeper; however, we noted the following concerns related to these listings:
- The bond account open items list includes more than \$3,700 that have been held for several years, with at least one bond dating back to 1988. At our request, the Associate Circuit Division reviewed these cases. Twenty of these cases were closed and eleven case files could not be located for review. In addition, the December 31, 2000 cash balance in the bond account exceeded the total open items balance by approximately \$417.
 - An open items listing is not prepared for the regular bank account because the Sheriff's bookkeeper indicated the remaining balance in the account should be interest earnings. However, undistributed interest earnings exceeded the cash balance by \$141 at December 31, 2000.

The Sheriff's office should adopt procedures to periodically follow up on old open items, including bringing them to the Associate Circuit Division Judge's attention and

disposing of them in accordance with statutory provisions. As a result of the above excess and short balances, any differences between open items and the reconciled bank balance should be investigated for each account and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law. Monthly listings of open items should be prepared and reconciled for all accounts to ensure accounting records are in balance and sufficient funds are available for the payment of liabilities.

A similar condition was noted in our prior report.

- B. Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made by the Sheriff's bookkeeper. For example, on June 18, 2001 the Sheriff's office had six checks totaling \$863 on hand which had not been restrictively endorsed. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- C. Receipts are deposited approximately once a week. For example, on June 18, 2001 the Sheriff's office had \$851 that had been held since June 14 and had not been deposited. To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100
- D. The method of payment is not always indicated on the receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.
- E. Civil fees totaling \$6,889 and \$10,968 were turned over to the Treasurer annually in 1999 and semi-annually in 2000, respectively. The Sheriff's bookkeeper indicated this was the Sheriff's office policy. Section 50.370, RSMo 2000, requires county officials to turn fees over to the County Treasurer monthly and to file monthly reports of fees with the County Commission.
- F. At December 31, 2000, fifteen checks written on the Sheriff's office three accounts totaling \$399 had been outstanding for over one year. These old outstanding checks create additional and unnecessary record keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate checks outstanding for a considerable time.
- G. The Sheriff's office purchases fuel at several local gas stations for county patrol cars; however, mileage and fuel usage logs are not maintained. During the two years ending December 31, 2000 and 1999, the county expended approximately \$12,900 and \$9,300, respectfully, for fuel. To ensure the reasonableness of fuel expenditures, the Sheriff's office should maintain records of mileage and fuel usage and reconcile

them to fuel purchased. Failure to account for fuel purchases could result in the loss, theft or misuse of county assets going undetected.

- H. During the years ending December 31, 2000 and 1999, the county expended approximately \$15,000 and \$10,000, respectively, on food costs for the jail. The sheriff did not maintain records to document the number and the average cost of meals served to inmates. To properly account for all meals and the average cost of meals served, these records should be maintained.

WE RECOMMEND the Sheriff:

- A. Establish procedures to routinely follow-up on open items remaining over a period of time to determine the proper disposition. Investigate differences between the open-items listing and the reconciled bank balance and if applicable, any unidentified monies should be disposed of in accordance with state law. In addition, monthly listings of open items should be prepared and reconciled to the cash balance for all accounts.
- B. Restrictively endorse checks immediately upon receipt.
- C. Deposit receipts daily or when accumulated receipts exceed \$100.
- D. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- E. Turn over all fees monthly to the County Treasurer and prepare and file monthly reports of fees received, as required by state law.
- F. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- G. Require mileage and fuel usage logs to be maintained and reconciled to the amount of fuel purchased. In addition, documentation of these reconciliations as well as all mileage and fuel logs should be properly retained. Any significant differences should be investigated and resolved.
- H. Ensure records are maintained to account for the number and average cost of meals served to inmates.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *We are attempting to resolve these old open items and will resolve any differences between the accounts by March 2002.*

- B,C,
& E. *These have been implemented.*
- D. *This will be done immediately.*
- F. *We are attempting to do this and will implement it by March 2002.*
- G. *This will be implemented by January 1, 2002.*
- H. *This was done in the past, but records were not retained. Records will now be retained.*

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| 8. License Office Records and Procedures |
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The county serves as the fee agent for the Department of Revenue (DOR) and receives fees for providing licensing services to the residents of the county. The license office collected county fees in 2000 and 1999 of approximately \$34,400 and \$32,100, respectively. The license office maintains a county fee account and another account controlled by DOR in which DOR fees are deposited. Our review noted the following concerns:

- A. During our review of county fees received on December 29, 2000, we noted \$619 was collected by the license office, but only \$519 was deposited into the county fee account. The license office manager indicated that the \$100 shortage was caused by the office's failure to collect the correct amount of DOR licensing fees from a citizen, and any shortage of DOR fees are normally withheld from the county fees. The County Commission only receives reports prepared by the license office which document the amount of fees deposited into the county fee account. This report does not document the amount of fees charged; therefore, this shortage was not identified or reviewed by the County Commission. To ensure all fees charged and collected are properly accounted for, the County Commission should reconcile county fees charged and collected to amounts deposited into the county fee account, and any differences should be investigated.
- B. The license office waived county fees for county employees and relatives of employees of the license office. The county's personnel policy does not address whether employees of the county are to receive a waiver of these fees. A written personnel policy addressing this issue is necessary to provide assurance all employees are treated equitably and to prevent misunderstandings. In addition, the waiving of county fees for relatives of employees of the license office should be discontinued.
- C. Accurate balances are not maintained in the check register and bank reconciliations were not properly reconciled to the check book register. In addition, the license office manager performs all duties of receiving, recording, and depositing receipts and also prepares bank reconciliations. Without maintaining accurate records of cash balances and accurately preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and

recorded or that bank or book errors will be detected and corrected in a timely manner. In addition, proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of depositing receipts from reconciling receipts. If proper segregation cannot be achieved, at a minimum, periodic documented supervisory review of the records should be performed.

- D. The method of payment is not always indicated on the DOR receipt forms which include the county agent fees. To ensure receipts are handled properly, the method of payment should be indicated on each receipt form and the composition (cash and checks) should be reconciled to the composition of the monies being deposited.

WE RECOMMEND the County Commission:

- A Reconcile county fees charged and collected by the license office to amounts deposited into the county fee account, and any differences should be investigated.
- B. Review whether county employees' county license fees should be waived and if necessary, update the personnel policy. In addition, the county should discontinue waiving fees for relatives of license office employees.
- C. Ensure the license office prepares accurate check registers and bank reconciliations , and any errors are corrected. In addition, adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Ensure the license office indicates the method of payment on DOR receipt forms, and reconciles the composition of receipts to the composition of the monies being deposited.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A,B,
& D. These have already been implemented.*
- C. We will start reviewing bank reconciliations January 1, 2002.*

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| 9. Public Administrator's Procedures |
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The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the two years ended December 31, 2000, the Public Administrator handled approximately fourteen cases.

- A. Twenty of the annual settlements or annual status reports that were required to be filed by the Public Administrator during the two years ending December 31, 2000 were not filed in a timely manner. For example, one annual settlement was not filed by the public administrator until ten months after the anniversary date.

During our review of these annual settlements, numerous notices to file annual settlements were issued by the Associate Circuit Court. In addition, the Associate Circuit Judge also issued contempt of court orders to the Public Administrator for failure to file annual settlements timely.

Section 473.540, RSMo 2000, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative. Timely annual settlements and annual status reports are necessary to allow the court to properly oversee the administration of these estates.

- B. The Public Administrator did not file an inventory and appraisal for two of her estates in a timely manner. For example, an inventory and appraisal was not filed until seven months after the Public Administrator was appointed. Section 473.233, RSMo 2000, states that the personal representative shall prepare an inventory and appraisal of all property of the decedent within thirty days after letters are granted.
- C. The Public Administrator held monthly retirement checks totaling \$1,927 that had accumulated over a sixteen month period before depositing them into one estate's bank account. To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- D. The Public Administrator did not always pay bills in a timely manner. For example, pharmacy bills totaling approximately \$2,400 were not paid from August 1999 through April 2000 for one estate which resulted in finance charges to the estate of \$118. Funds were available to cover these bills. Failure to pay bills promptly exposes clients to potential loss of sometimes critically needed medication and care services.
- E. Real estate owned by one client was not accounted for on the annual settlements. For annual settlements to accurately present the activity and status of a particular case, all assets should be properly reflected on the annual settlements.

While the Associate Circuit Judge and Associate Circuit Court issued numerous notices and contempt of court orders to file annual settlements timely, a thorough review of each estate's annual settlement is necessary to ensure the Public Administrator is depositing receipts and disbursing monies in a timely manner and to ensure all assets are properly reflected.

Conditions similar to Parts A and B. were noted in our prior report.

WE RECOMMEND:

- A&B. The Associate Circuit Judge require the Public Administrator to file the annual settlements and/or status reports in a timely manner, and file inventories and appraisements within statutory timeframes for all cases.
- C. The Public Administrator deposit receipts daily or when accumulated receipts exceed \$100.
- D. The Public Administrator pay all bills when due.
- E. The Public Administrator list any real estate as assets on the annual settlements.

AUDITEE'S RESPONSE

The Associate Circuit Judge provided the following response to the above recommendations:

A&B. Courts enforce orders through the contempt powers and we did that.

The Public Administration provided the following response to the above recommendations:

C,D,

&E. I realized these things were late, but found it difficult to do things in a timely manner while working a full time job to support my family. The salary for the Public Administrator was far less than \$10,000 per year. This is the reason I chose not to run for re-election. The Public Administrator position required long hours with very low compensation.

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| 10. Prosecuting Attorney's Records and Procedures |
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The Prosecuting Attorney's office collected court-ordered restitution and bad check related restitution and fees in 2000 and 1999 of approximately \$61,400 and \$55,300, respectively. The Prosecuting Attorney's collection procedures require payment to be made in the form of a money order. Our review noted the following concerns:

- A. Money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made by the administrative assistant. For example, on June 6, 2001, two checks totaling \$307 were on hand in the Prosecuting Attorney's office and had not been restrictively endorsed. To reduce the risk of loss or misuse of funds, money orders should be restrictively endorsed immediately upon receipt.
- B. Deposit are made approximately once a week. To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

- C. The Prosecuting Attorney occasionally reduces the amount of bad check fees charged to the bad check writer without documenting his approval in the case file. The Prosecuting Attorney's administrative assistant documents the fees that were reduced in the case file. To ensure bad check fees are properly charged and collected, the Prosecuting Attorney should document his approval for all reductions of bad check fees.
- D. The duties of receiving, recording, and depositing monies are all preformed by the Prosecuting Attorney's administrative assistant. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.

WE RECOMMEND the Prosecuting Attorney:

- A. Restrictively endorse money orders immediately upon receipt.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Document the reductions of bad check fees charged.
- D. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.

AUDITEE'S RESPONSE

The current Prosecuting Attorney provided the following responses:

- A. *We are making an attempt to do this.*
- B. *Receipts are currently being deposited when they exceed \$100 when possible.*
- C. *Currently bad check fees are not being waived, but if it occurs in the future I will document my approval.*
- D. *This has been implemented.*

11.**County Clerk's Procedures**

The County Clerk collects monies for liquor licenses, auctioneer's licenses, notary fees, and other miscellaneous receipts. The County Clerk does not maintain a bank account for these fees, but transmits them to the County Treasurer periodically. The County Clerk collected receipts totaling approximately \$5,900 and \$6,000 in 2000 and 1999, respectively. Our review noted the following concerns:

- A. Fees collected by the County Clerk are not turned over to the County Treasurer on a timely basis. For example, fees totaling \$3,307 collected in June of 2000 were not turned over to the County Treasurer until October of 2000. Section 50.360, RSMo 2000, requires all fees be turned over to the County Treasurer at least monthly. This section further requires that an itemized list of fees collected should be filed with the County Commission monthly.
- B. The method of payment is not indicated on the receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of the monies transmitted to the County Treasurer.
- C. Checks received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time of transmittal. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.

Conditions similar to Parts A and B. were noted in our prior report.

WE RECOMMEND the County Clerk:

- A. Turn over all fees to the County Treasurer on a monthly basis as required by state law.
- B. Indicate the method of payment on all receipts, and reconcile the composition of receipts to the composition of the monies transmitted to the County Treasurer.
- C. Restrictively endorse checks immediately upon receipt.

AUDITEE'S RESPONSE

The County Clerk provided the following responses:

- A. *This has been implemented.*
- B. *This will be done by January 1, 2002.*
- C. *This is currently being done.*

12.

Associate Circuit Division Procedures

The Associate Circuit Division Judge designated the Sheriff's office to collect the criminal fines and costs from the Associate Circuit Division. However, the Associate Circuit Division issues unnumbered receipt slips to defendants which document the amount due. The defendants take these receipt slips to the Sheriff's office to make their payments. The Sheriff's office deposits the receipts into their account and returns the original receipt slips to the Associate Circuit Division which indicate the amount and date fines and costs were received by the Sheriff's department. The Associate Circuit Division maintains records to account for amounts due from the defendants. To adequately account for all receipts and reduce the risk of loss, theft, or misuse of funds, prenumbered receipt slips should be issued by the Associate Circuit Division and their numerical sequence should be accounted for properly and reconciled to deposits.

WE RECOMMEND the Associate Circuit Division issue prenumbered receipt slips for all monies received and account for their numerical sequence.

AUDITEE'S RESPONSE

The Associate Circuit Judge disagrees with this recommendation because it is not cost effective for his court to implement.

This report is intended for the information of the management of Maries County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

MARIES COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Maries County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1996. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Treasurer's Controls and Procedures

- A. Deposits were not made on a timely basis.
- B. The Treasurer did not always issue receipt slips as money was received, did not indicate the method of payment on the receipt slips, and did not reconcile the composition of receipts to the amounts deposited.
- C. The County Treasurer had \$1,148 in outstanding checks that were over one year old and had not established procedures to investigate old outstanding checks.

Recommendation:

The County Treasurer:

- A. Deposit receipts daily or whenever accumulated receipts exceed \$100.
- B. Issue receipt slips immediately upon receipt, record method of payment on the records, and reconcile the composition of receipts to amounts deposited.
- C. Investigate old outstanding checks and reissue if payees can be located. If the payees cannot be located, the monies should be disposed of in accordance with the applicable statutory provisions. Procedures to routinely investigate checks that remain outstanding over a specified time should be established.

Status:

A&C. Implemented.

- B. Not implemented. The treasurer issues receipt slips as she has time or at the time of deposit. The Treasurer's computerized receipt slips do not indicate the method of payment; however, the method of payment is recorded on the cash receipt report at the time the computerized receipt slip is issued. Although not repeated in the current report our recommendation remains as stated above.

2. Budgets and Financial Reporting

- A. Actual disbursements exceeded approved budgeted amounts for various funds.
- B. Formal budgets were not prepared for various county funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. And other elected officials refrain from incurring expenditures in excess of budgeted amounts. If additional funds are received which could not be estimated when the budget was adopted, the budget should be amended by following the procedures required by state law.
- B. Ensure that budgets are prepared or obtained for all county funds in accordance with state law.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

Not implemented. See MAR No. 2.

3. County Expenditures

- A.1. Bids and/or price quotes were not always advertised, obtained, or adequately documented for some purchases.
 - 2. The county purchased a patrol car from a deputy with out soliciting bids. In addition, this car was originally purchased through the county, and the deputy did not have to pay sales tax. Another deputy purchased a patrol car from the county for \$13,458 in 1994, but the title was not changed from the county's name to this individual's name until July 1995. At this time the vehicle was valued at \$9,000, and the deputy only paid sales tax on the \$9,000 rather than the original price of the vehicle.
- B. The county did not properly solicit and document proposals for engineering services. In addition, the county paid engineering costs in excess of eight percent of planned costs as outlined in the original engineering contract.

- C. The County Commission approved some payments to vendors without requiring approval from the applicable county official or the acknowledgment of receipt of goods or services. In addition, invoices were not always marked paid.
- D. The county did not receive or maintain any documentation of actual 911 services rendered or time spent by an individual each month to determine whether the contracted amount paid was reasonable. In addition, the county did not report payments to this individual on Form 1099-Miscellaneous as required by Sections 6041 through 6051 of the Internal Revenue Code.
- E. The county did not have adequate drug-free workplace policies and awareness programs sufficient to comply with the requirements of the Drug-Free Workplace Act.

Recommendation:

The County Commission:

- A. Solicit bids in accordance with state law. Documentation of these bids, the bid evaluation, and the selection process should be retained. If it is not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented. In addition, the county needs to ensure purchases are only for county use and not to benefit individuals or circumvent state sales and personal property tax laws.
- B. Solicit and document proposals for professional services. In addition, the county needs to closely monitor engineering fees for reasonableness and contract compliance.
- C. Require documented approval for purchases by the appropriate county official and acknowledgment of receipt of goods and/or services prior to payment, and ensure all invoices and supporting documentation are canceled when paid.
- D. Require detailed documentation of the services provided to ensure payments are reasonable. If the services of this individual are still necessary, the county needs to develop a current contract which clearly specifies the services to be provided to the county in exchange for this monthly compensation. In addition, a Form 1099-Miscellaneous should be issued for all related payments.
- E. Establish a written drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act.

Status:

A&E. Not implemented. See MAR No. 1.

- B. Implemented.
- C. Partially implemented. The County Commission now requires the approval from the applicable county official or the acknowledgment of receipt of goods or services before approving payments; however, invoices are not always marked paid. See MAR No. 1.
- D. Partially implemented. The county reported payments to this individual in accordance with the Internal Revenue Code; however, the county did not receive or maintain documentation of 911 services rendered. See MAR No.1.

4. Property Tax Reduction Due to Sales Tax

See our audit report on Maries County, Missouri, for the two years ended December 31, 1998 (report number 99-100).

5. Apportionments to School Districts.

- A. The County Clerk did not correctly apportion 1994, 1993, and 1992 railroad and utility tax collections to the various school districts. While the County Clerk did correctly apportion the 1996 and 1995 railroad and utility tax collections to the various school districts, she did not make the necessary adjustments for these prior years' errors.
- B. The County Clerk did not correctly apportion fines and civil penalties received in 1996, 1994, and 1993 to the various school districts.

Recommendation:

The County Clerk:

- A. Consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct the past errors.
- B. Consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct the past errors. In addition, the County Clerk should ensure future penalties, forfeitures, and fines are apportioned in accordance with applicable statutory and constitutional provisions.

Status:

- A. Partially implemented. While the County Clerk did correctly apportion railroad and utility tax collections to the various school districts from 1995 to present and attempted to correct these past errors, she did not make all the necessary adjustments for the prior years' errors. As a result, \$8,156 is due to the Rolla 31 school district

and \$8,156 is due from Maries County R-II school district. Although not repeated in the current report our recommendation remains as stated above.

B. Implemented.

6. Bonds and Personnel Procedures

A. The entire cost of the County Treasurer's and County Collector's bonds were paid from the School Fines Fund rather than a portion from the General Revenue Fund.

B. County employees who collect monies were not bonded.

C. The county received various notices from the Internal Revenue Service indicating the county failed to deposit federal payroll taxes timely. In addition, the county did not understand why the deposits were considered late and did not contact the Internal Revenue Service for an explanation of the penalties.

Recommendation:

The County Commission:

A. Authorize the transfer of \$1,960 from the General Revenue Fund to the School Fines Fund and, in the future, pay the County Collector's bond and the county portion of the County Treasurer's bond from the General Revenue Fund.

B. Obtain adequate bond coverage for all employees with access to monies.

C. Ensure payroll taxes are deposited timely to avoid unnecessary penalties and interest charges. In addition, any questionable penalties should be adequately investigated.

Status:

A-B. Not implemented. See MAR No. 4.

C. Implemented.

7. General Fixed Asset Procedures and Controls

A. The County Clerk did not properly update the general fixed asset record and did not periodically reconcile general fixed asset record additions to equipment expenditures.

B. Some fixed assets were not properly numbered, tagged, or otherwise identified as county-owned property.

Recommendation:

The County Clerk:

- A. Maintain the general fixed assets on a current basis, recording all additions and dispositions as they occur. In addition, additions to the general fixed asset records should be periodically reconciled to equipment purchases.
- B. Properly number or tag all fixed assets.

Status:

Not implemented. See MAR No. 6.

8. County Collector's Procedures and Controls

- A.1. The County Collector recorded additions in the tax books; however, the payments received were held in an envelope in the cash drawer and only deposited monthly after a court order was prepared and submitted to the County Commission. In addition, if a taxpayer paid by check, the County Collector deposited the check and retained an equal amount of cash from other receipts.
- 2. Property tax collections were not deposited intact.
- B. The County Collector did not make any adjustments to the statements of monthly collections and tax distributions for insufficient funds checks received.
- C. Tax receipts marked paid by the County Collector did not indicate the method of payment received.
- D. Checks and money orders were not restrictively endorsed until the deposit was prepared.
- E. The County Collector failed to adjust Proposition C ratios for amended tax levies for various school districts, and as a result, approximately \$1,800 and \$1,300 was due to the various school districts from the General Revenue Fund and Assessment Fund, respectively.

Recommendation:

The County Collector:

- A. Deposit all property tax addition monies as received and deposit all property tax collections intact.

- B. Make adjustments to the statements of monthly collections and tax distribution for insufficient funds checks. The tax books should be marked as unpaid, interest and penalties should be assessed, and costs of collection, if any, should be recouped and deposited into the General Revenue Fund.
- C. Indicate the method of payment on each tax receipt issued and reconcile cash, checks, and money orders received to the composition of bank deposits.
- D. Restrictively endorse checks and money orders immediately upon receipt.
- E. Consider recomputing commissions and assessment withholdings related to the various school districts and making corrections for amounts improperly distributed to the schools, General Revenue Fund, and Assessment Fund. In addition, the County Collector needs to ensure future Proposition C commissions are computed properly.

Status:

- A-D. Implemented.
- E. Partially implemented. The County Collector computed Proposition C ratios properly during the two years ending February 28, 2001; however, the prior County Collector did not recompute commissions and assessment withholdings related to the various school districts and did not make corrections for amounts improperly distributed to the schools, General Revenue Fund, and Assessment Fund during 1996. Although not repeated in the current report, our recommendation remains as stated above.

9. County Clerk's Procedures and Controls

- A. Receipt slips were not issued for monies received unless requested by the payor, and the method of payment was not indicated on any receipt records.
- B. The County Clerk did not transmit receipts to the County Treasurer on a timely basis.
- C. The County Clerk did not maintain an account book with the County Collector.

Recommendation:

The County Clerk:

- A. Issue prenumbered receipt slips for all monies received, indicate the method of payment on all receipts, and reconcile total cash and checks to monies remitted to the County Treasurer.

- B. Transmit all monies received to the County Treasurer at least monthly. In addition, receipts should be kept in a secure location until transmitted and documentation should be maintained to indicate which receipts are included in each transmittal.
- C. Establish and maintain an account book with the County Collector for the County Commission to use to verify the accuracy of the County Collector's annual settlements.

Status:

- A. Partially implemented. The County Clerk issues prenumbered receipt slips; however, the method of payment is not indicated on all receipt slips. See MAR No. 11.
- B. Not implemented. See MAR No. 11.
- C. Not implemented. See MAR No. 5.

10. Sheriff's Procedures and Controls

- A. Listings of open items (liabilities) were not prepared on a monthly basis. In addition, the Sheriff's office had several bonds that were held for more than three years, with at least one bond dating back to 1988.
- B. Procedures for the collection of board of prisoner billings to other counties were not adequately segregated
- C. The Sheriff's department did not maintain records to account for traffic tickets issued or the ultimate disposition of all traffic tickets issued.

Recommendation:

The Sheriff:

- A. Prepare a monthly listing of open items and reconcile it to the cash balance. In addition, procedures should be adopted to routinely follow-up on open items remaining over a period of time to determine the proper disposition. Any bonds remaining unclaimed for one year after final disposition of the case should be turned over to the state's Unclaimed Property Section.
- B. Provide for an adequate segregation of duties for board of prisoner functions. In addition, the Sheriff should ensure billing statements stipulate that payments be made directly to the County Treasurer.

- C. Ensure records are maintained to account for the numerical sequence and the ultimate disposition of all traffic tickets.

Status:

- A. Not implemented. See MAR No. 7.

B&C. Implemented.

11. Public Administrator

- A. The Public Administrator did not file settlements annually for most of her estates.
- B. The Public Administrator did not file an inventory and appraisal for many of her estates.
- C. The Public Administrator did not submit to the County Commission a list of fees received from the individual estates.

Recommendation:

The Associate Circuit Judge require the Public Administrator:

- A&B. To file settlements and/or status reports annually, and file inventories and appraisements within statutory timeframes for all cases.
- C. To submit a report of fees to the County Commission.

Status:

- A&B. Not implemented. See MAR No. 9.

C. Implemented.

12. Ex Officio Recorder of Deeds Procedures and Controls

- A. The Ex Officio Recorder of Deeds did not always deposit receipts intact and sometimes used cash receipts to make refunds to individuals whose check amounts exceeded the recording fees. In addition, there was no documentation to support these noncheck disbursements.
- B. Receipts from individuals making copies were transmitted once a month to the County Treasurer rather than being deposited in the Ex Officio Recorder of Deed's

bank account. In addition, some cash was withheld from these transmittals of copy receipts to make change.

- C. Checks and money orders were not restrictively endorsed until the deposit was prepared.

Recommendation:

The Ex Officio Recorder of Deeds:

- A. Deposit all recording fee receipts intact. In addition, all refunds should be made by check or documentation should be maintained to properly support all noncheck disbursements.
- B. Transmit all copy receipts to the County Treasurer or deposit them in the Ex Officio Recorder of Deed's bank account. If a change fund is needed, it should be established and maintained at a constant dollar amount.
- C. Restrictively endorse checks and money orders immediately upon receipt.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MARIES COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1855, the county of Maries was named after the two principal streams flowing through the county, the Big and Little Maires Rivers. Maries County is county-organized, third class county and is part of the Twenty-Fifth Judicial Circuit. The county seat is Vienna.

Maries County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Maries County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

| SOURCE | 2000 | | 1999 | |
|---------------------------|--------------|------------|-----------|------------|
| | AMOUNT | % OF TOTAL | AMOUNT | % OF TOTAL |
| Property taxes | \$ 406,954 | 23 | 388,972 | 23 |
| Sales and use taxes | 504,708 | 28 | 450,370 | 27 |
| Federal and state aid | 470,963 | 27 | 464,781 | 28 |
| Fees, interest, and other | 394,868 | 22 | 373,684 | 22 |
| Total | \$ 1,777,493 | 100 | 1,677,807 | 100 |

The following chart shows how Maries County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

| USE | 2000 | | 1999 | |
|---------------------------|--------------|------------|-----------|------------|
| | AMOUNT | % OF TOTAL | AMOUNT | % OF TOTAL |
| General county government | \$ 586,100 | 32 | 515,739 | 31 |
| Public safety | 439,000 | 24 | 335,288 | 21 |
| Highways and roads | 793,979 | 44 | 796,366 | 48 |
| Total | \$ 1,819,079 | 100 | 1,647,393 | 100 |

The county maintains approximately 20 county bridges and 398 miles of county roads.

The county's population was 6,851 in 1970 and 7,967 in 1990. The following chart shows the county's change in assessed valuation since 1970:

| | Year Ended December 31, | | | | |
|------------------------|-------------------------|------|-------|--------|--------|
| | 2000 | 1999 | 1985* | 1980** | 1970** |
| | (in millions) | | | | |
| Real estate | \$ 46.6 | 43.9 | 22.0 | 11.4 | 9.2 |
| Personal property | 17.3 | 15.4 | 5.5 | 4.4 | 3.0 |
| Railroad and utilities | 13.4 | 13.4 | 9.5 | 7.2 | 2.9 |
| Total | \$ 77.3 | 72.7 | 37.0 | 23.0 | 15.1 |

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Maries County's property tax rates per \$100 of assessed valuations were as follows:

| | Year Ended December 31, | |
|-----------------------------------|-------------------------|--------|
| | 2000 | 1999 |
| General Revenue Fund | \$ 0.3200 | 0.3400 |
| Special Road and Bridge Fund #1 * | 0.2600 | 0.2600 |
| Special Road and Bridge Fund #2 * | 0.2300 | 0.2300 |

* The county retains all tax proceeds from areas not within road districts. The county has two road districts that receive four-fifths of the tax collections from property within these districts, and one-fifth is retained in the Special Road and Bridge Fund. Maries County has two common road districts which comprise the county Special Road and Bridge Fund.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

| | Year Ended February 28 (29), | |
|------------------------------|------------------------------|-----------|
| | 2001 | 2000 |
| State of Missouri | \$ 23,213 | 22,254 |
| General Revenue Fund | 246,403 | 249,002 |
| Special Road and Bridge Fund | 160,454 | 153,139 |
| Assessment Fund | 32,492 | 30,832 |
| Special Road Districts | 28,215 | 28,392 |
| Library | 122,901 | 117,863 |
| School Districts | 2,305,514 | 2,187,821 |
| Ambulance Districts | 166,945 | 159,235 |
| Fire Protection District | 35,035 | 27,353 |
| Cities | 13,536 | 14,420 |
| County Clerk | 108 | 111 |
| County Employees' Retirement | 18,838 | 19,560 |
| Commissions and fees: | | |
| General Revenue Fund | 50,275 | 48,656 |
| Total | \$ 3,203,928 | 3,058,640 |

Percentages of current taxes collected were as follows:

| | Year Ended February 28 (29), | |
|------------------------|------------------------------|------|
| | 2001 | 2000 |
| Real estate | 93 % | 93 % |
| Personal property | 87 | 87 |
| Railroad and utilities | 100 | 100 |

Maries County also has the following sales taxes; rates are per \$1 of retail sales:

| | Rate | Expiration Date | Required Property Tax Reduction |
|------------------------------|----------|-----------------|---------------------------------|
| General | \$ 0.005 | None | 50 |
| General | 0.005 | None | None |
| County Courthouse Renovation | 0.005 | 3/31/01 | None |

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

| Officeholder | 2001 | 2000 | 1999 |
|--|--------|--------|--------|
| County-Paid Officials: | | | |
| James Kleffner, Presiding Commissioner | \$ | 19,027 | 18,563 |
| Glenn Dressendofer, Associate Commissioner | | 16,926 | 16,513 |
| Ed Fagre, Associate Commissioner | | 16,926 | 16,513 |
| Rhonda Brewer, County Clerk | | 27,771 | 27,094 |
| John Garrabrant, Prosecuting Attorney | | 31,996 | 31,215 |
| Douglas DiNatale, Sheriff | | 31,771 | 30,996 |
| Rhonda Slone, County Treasurer | | 18,811 | 18,352 |
| David H. Martin, County Coroner | | 5,264 | 5,135 |
| Paula E. Fannon-Meyer, Public Administrator* | | 8,434 | 4,401 |
| Jayne Helton, County Collector, year ended February 28 (29), | 28,306 | 27,616 | |
| Judy Logan, County Assessor **, year ended August 31, | | 31,620 | 30,871 |
| * Includes \$2,130 and \$251, respectively, of fees received from probate cases. | | | |
| ** Includes \$900 annual compensation received from the state. | | | |
| State-Paid Officials: | | | |
| Leo Thompson, Circuit Clerk and Ex Officio Recorder of Deeds | | 46,127 | 44,292 |
| John Clayton, Associate Circuit Judge | | 97,382 | 87,234 |

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

| Office | Number of Employees Paid by | |
|--|-----------------------------|----------|
| | County | State |
| Circuit Clerk and Ex Officio Recorder of Deeds | 1 | 2 |
| County Clerk (1) | 2 | 0 |
| Prosecuting Attorney | 1 | 0 |
| Sheriff (2) | 14 | 0 |
| County Collector (3) | 2 | 0 |
| County Assessor (4) | 6 | 0 |
| Associate and Probate Division | 0 | 2 |
| Road and Bridge | 13 | 0 |
| Building and Grounds | 1 | 0 |
| License Office (1) | 3 | 0 |
| Total | <u>43</u> | <u>4</u> |

- (1) Includes one part time employee
- (2) Includes seven part time employees
- (3) Includes two part time employees
- (4) Includes three part time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Maries County's share of the Twenty-Fifth Judicial Circuit's expenses is 7.52 percent.

The county has entered into several lease purchase agreements for road and bridge equipment. At December 31, 2000, the principal balance of the leases total approximately \$768,000. Principal and interest payments are made from the Special Road and Bridge Fund.

The county has entered into a lease purchase agreement for renovating the county courthouse. At December 31, 2000, the principal balance of the lease totals approximately \$127,000. Principal and interest payments are made from the Courthouse Renovation Fund.

In November 2001, Maries County voters passed a one-half cent General Revenue Fund sales tax for a period of five years, for the purpose of maintaining and improving the services provided to the citizens of Maries County.